

half of the eighteenth century that the bank had sacredly fulfilled its obligations to keep in the vaults the exact amount of coin and bullion represented by the bank money outstanding. The affairs of the bank were kept secret by the small committee of the city government which was charged with its administration, and it was not generally known that as early as 1657 individuals had been permitted to overdraw their accounts and that in later years enormous loans of specie had been made to the Dutch East India Company. The truth became public property in the winter of 1789 and 1790. The premium on bank money, which was usually kept above four per cent., then fell below two per cent, and in August, 1790, disappeared. The bank failed to protect its credit by purchasing bank money on an adequate scale and it was represented that large purchases would be followed by a heavy export of bullion to the injury of commerce. The possibility of deception came to an end when on November, 12, 1790, a notice was issued that silver would be sold to the holders of bank money at a rate equivalent to ninety per cent, of their claims. It was substantially an admission of insolvency and the debt was assumed in 1791 by the government of the City of Amsterdam. The effort was made to put the bank again on its feet, but the time for such banks had passed, the position of Amsterdam as a commercial centre had changed, the bank was closed by a royal decree of December 19, 1819, and the small amount of bank money outstanding was soon after paid off.¹

The Bank of the Netherlands (*de Nederlandsche Bank*) was authorized by the government in 1814, after it became evident that the Bank of Amsterdam could not be revived. The privilege of the bank was twice renewed for twenty-five years, carrying its charter to March 31, 1889. The next renewal was nominally only for fifteen years, until March 31,

¹ A summary of the result of the researches of the latest scholarship regarding the Bank of Amsterdam, based in part upon the history of the bank by W. C. Mees, formerly president of the Bank of the Netherlands, is presented by Prof. Dunbar in his valuable work on *The Theory and History of Banking*, 82-105.